

Does Morality Matter?

Fantasy Free Economics, James Quillian



In mainstream economics, no, morality doesn't matter. In fantasy free economics it does. That is because instead of focusing on numbers, I focus on the natural forces that make the numbers what they are. In mainstream economics, morality doesn't matter. An immoral activity doesn't produce a negative number. number that can be used in analysis. Neither does a moral activity produce a positive number.

Words are interesting. Say either moral or immoral and it might seem like the conversation is about to shift to some lofty philosophy that is useless in public life. It may seem like an idealist is about to bore everyone. Each religion identifies what is moral and what is not. Societies where there is no religion at all have systems of morality that

parallel those of religious societies.

Over the eons, by trial and error, systems of productive behavior develop and become a set of best practices for human behavior. An even closer look reveals that moral acts constitute adaptive behavior. Immoral acts constitute mal-adaptive behavior. Civilization only flourishes and moves forward when most to all actions contribute to that process. The concept of good manners developed the same way.

What does this have to do with economics? Since moral activities promote the progress of civilization, mortal economic practices and initiatives have permanent utility to society. Economies and businesses which routinely engage in immoral activities can flourish for a long time. Eventually they will fail and cause more damage than they ever did good. Ancient scriptures are filled with the principles that acts that begin on an immoral basis, end up doing more harm than good. These things take time. The stock of a corporation doing immoral things may go up for a number of decades. Eventually it will fail. It is not that these corporations are evil. They are practicing mal-adaptive behavior.

With respect to today's corporations, how many are engaging in immoral business practices? Those which are will eventually fail. You can count on it. Make a list of immoral nations from the past. Sometimes failure doesn't take all that long. Remember Germany from the 1930s through World War Two. That didn't last long at all. Then there was the Roman Empire. Failure of that system took hundreds of years.

The discussion of the morality of a nations policies, leaders and citizens must be a part of any serious economic analysis. No, a study of morality is not just for sissies. Over time it matters more than anything else.